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**ORIENTAL METALS (HOLDINGS)  
COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 1208)**

**CONNECTED TRANSACTION  
PURSUANT TO RULE 14A.63 OF THE  
LISTING RULES**

The Company received a letter dated 26th August, 2004 from Minmetals HK informing that Minmetals, the ultimate controlling shareholder of the Company, had become the controlling shareholder of OST, OPC and JWL. According to the accounting records of the Company as at 31st August, 2004, the receivables from OST, OPC and JWL are approximately HK\$143,825,000, HK\$2,083,000 and HK\$1,186,000 respectively. These receivables have been long outstanding for more than six years and full provision had already been made in 2001.

Each of OST, OPC and JWL is an associate of Minmetals and is therefore the connected person of the Company under the Listing Rules. Accordingly, the financial assistance provided by the Company to each of OST, OPC and JWL constitutes a connected transaction of the Company under Rule 14A.63 of the Listing Rules and are all subject to reporting and announcement requirements under Chapter 14A of the Listing Rules.

The Company is in the process of trying to recover certain amounts due from OST, OPC and JWL. Details of the recovering amount, if any and subject to its occurring relevant period, will be included in the subsequent interim or annual reports of the Company.

## BACKGROUND

The Company received a letter dated 26th August, 2004 from Minmetals HK, the controlling shareholder of the Company informing that Minmetals, the ultimate controlling shareholder of the Company, had become the controlling shareholder of OST, OPC and JWL. As at the date of this announcement, OST, OPC and JWL are neither the subsidiaries nor the associated companies of the Company.

According to the accounting records of the Company as at 31st August, 2004, there is an aggregate amount of approximately HK\$147,094,000 due from OST (“OST Receivables”), OPC (“OPC Receivables”) and JWL (“JWL Receivables”). Such amount may vary and will be subject to final confirmation from OST, OPC and JWL after checking and reviewing their historical accounting records and evidence. Details of the financial assistance to OST, OPC and JWL provided by the Group are as follows:

<b>Name of Entity</b>	<b>Amounts due as at 31st August, 2004 HK\$'000</b>	<i>Notes</i>
OST	143,825	1
OPC	2,083	2
JWL	1,186	3
<b>Total</b>	<b><u>147,094</u></b>	

*Notes:*

- (1) The OST Receivables was mainly occurred in 1993 and 1994 prior to the listing of the Group. The OST Receivables represent a loan principal of approximately HK\$88,621,000 and an accrued interest of approximately HK\$55,204,000 (of which approximately HK\$42,737,000 is the interest charged for the period from 1st January, 2000 to 31st August, 2004 and has not yet been recognized

as income in the Company's accounts). The OST Receivables are unsecured, interest bearing at prevailing market rate and with no fixed terms of repayment. Full provision had been made against the OST Receivables in 2001 when the then controlling shareholder of OST was dissolved.

- (2) OPC Receivables represents accumulated current account balances occurred between 1991 and 1998. The OPC Receivables is unsecured, interest free and with no fixed terms of repayment. Full provision had been made against the OPC Receivables in 2001 when the then controlling shareholder of OPC was dissolved.
- (3) JWL Receivables represents accumulated current account balances occurred between 1995 and 1998. The JWL Receivables is unsecured, interest free and with no fixed terms of repayment. Full provision had been made against the JWL Receivables in 2001 when the then controlling shareholder of JWL was dissolved. Notwithstanding the remoteness of recovering the JWL Receivables, the Directors of the Company are of the view not to neglect the possibility of recovering certain amounts and therefore only full provision had been made.

## **LISTING RULES IMPLICATIONS**

Minmetals is currently the controlling shareholder of OST, OPC and JWL and is also the Company's ultimate controlling shareholder holding approximately 74.98% in the issued share capital of the Company. By virtue of these relationships, each of OST, OPC and JWL is an associate (as defined in the Listing Rules) of Minmetals and is therefore the connected person of the Company as defined under Rule 14A.11 of the Listing Rules. Accordingly, the financial assistance provided by the Company to each of OST, OPC and JWL constitutes connected transaction of the Company under Rule 14A.63 of the Listing Rules.

The OPC Receivables and JWL Receivables are both subject to reporting and announcement requirements under the Listing Rules as each of the amounts due from OPC and JWL is less than 2.5% of the applicable percentage ratios under the Listing Rules and is also less than HK\$10 million.

Although the OST Receivables exceeds HK\$10 million and is subject to disclosure and independent shareholders' approval requirements under the Listing Rules, however, given that (a) the OST Receivables was occurred prior to listing of the Group

in 1994 and disclosure had already been made in the listing prospectus; (b) the OST Receivables was occurred more than ten years ago, which was prior to the completion of the recent restructuring of the Company (inter alia, the change in controlling shareholder of the Company) on 12th January, 2004 and Minmetals took control of OST, OPC and JWL pursuant to the letter dated 26th August, 2004 from Minmetals HK; and (c) full provision had already been made against the OST Receivables in 2001, the transaction is accordingly only subject to reporting and announcement requirements under Chapter 14A of the Listing Rules.

The Company is in the process of trying to recover certain amounts due from OST, OPC and JWL. Details of the recovering amount, if any and subject to its occurring relevant period, will be included in the subsequent interim or annual reports of the Company.

#### **GENERAL INFORMATION**

The Group is principally engaged in the trading of nonferrous metals, ores and semi-finished products, with related direct investments in the PRC.

The principal business of OST and JWL are investment holding whereas OPC is principally engaged in investment holding and property investment.

As at the date of this announcement, the Directors of the Company comprises six directors, of which four are executive directors, namely Mr. Lin Xizhong, Mr. Xu Huizhong, Mr. Qian Wenchao and Mr. Tang Xiaojin and two are independent non-executive directors, namely Mr. Chan Wai Dune and Mr. Ting Leung Huel, Stephen.

#### **DEFINITIONS**

“Company”	Oriental Metals (Holdings) Company Limited, the shares of which are listed on the Stock Exchange
“Directors”	the board of directors including the independent non-executive directors of the Company
“Group”	the Company and its subsidiaries
“JWL”	Jordan Worldwide Limited

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Minmetals”	China Minmetals Corporation
“Minmetals HK”	China Minmetals H.K. (Holdings) Limited, a wholly-owned subsidiary of Minmetals and holds an indirect interest of approximately 74.98% in the issued share capital of the Company
“OST”	Oriental Shipping & Transportation Company Limited
“OPC”	Orienmet Properties Company Limited
“PRC”	People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board  
**Xu Huizhong**  
*Director & President*

Hong Kong, 16th September, 2004

“Please also refer to the published version of this announcement in The Standard.”